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Dr M: We shall overcome turmoil (HL)

Kamarul Yunus

THE Prime Minister says he has "not a shadow of doubt" the region will overcome the currency turmoil triggered by the "tom yam effect".

Datuk Seri Dr Mahathir Mohamad noted that in the latest forecasts of the International Monetary Fund, the World Bank, the Asian Development Bank and just about everyone else, there has been some downward revision in the short-term projections.

"But without exception, all, even the worst detractors, say that East Asia will remain the fastest growing region."

Addressing the Global Panel, a gathering of Asia and Europe's politicians, businessmen, and academicians, in Kuala Lumpur yesterday, Dr Mahathir declared that "I have not a shadow of a doubt that we shall overcome... the present turbulence."

"As someone who has seen so much of what we in Asia have gone through in the 20th century, I have no doubt whatsoever that the epitaphs on East Asia or on South-East Asia of recent years and months are a little premature," he said.

Dr Mahathir reminded his audience that East Asia's rise was never easy.

"The journey, for all of us, without exception, has been horrendously challenging. We have had as many downs or ups over the last 50 years. We have been written off over and over again.

"The problems of today - serious and difficult as they are - pale in comparison with those of the past."

If the currency problems of Mexico had caused a "tequila effect" that wreaked havoc, especially in Latin America, Dr Mahathir said the Thai baht crisis has triggered a "tom yam effect" that rippled through every globalised economy in South-East Asia, including Indonesia, Malaysia, the Philippines and Singapore.

"And as we all know, the failure of South-East Asia can spread to every country in this globalised world of ours. There is no room for smugness from anyone," he added.

In fact, the South-East Asian currency turmoil, which started with the effective devaluation of the baht on July 2, has also affected the markets of the Asian Tigers. And when Hong Kong shares tumbled earlier this month due to pressure from currency attacks, bourses worldwide went down as well.

Not even good economic fundamentals seemed a good enough buffer against the "tom yam" effect as two weeks before the start of South-East Asia's problems, IMF managing director Michael Camdessus himself had said that Malaysia had the "kind of attitude that fully justifies the confidence of the markets".

Dr Mahathir quoted word for word paragraphs from the IMF chief's keynote address reported by international media on Malaysia's success story.

"Quite obviously the IMF is delighted, indeed laudatory about Malaysia's economic fundamentals. But all this is obviously not good enough to withstand the tom yam contagion effect and the primitive herd instincts of the currency traders and share investors," he added.

Earlier, in identifying possible agendas for the Asia-Europe partnership in the 21st Century, Dr Mahathir said the greatest challenge is to ensure the highest level of people empowerment, to the maximum number and level possible, and at the lowest price possible.

"Since business is expected to be the primary movers and builders of

people empowerment rather than governments, how do we ensure that greed and abuses of corporate power will not rule the day?

"Can we ensure that the free market will be governed by a sense of commitment and responsibility when in fact the movers and shakers of the marketplace are elected by no one and are moved largely by greed and the lure of unlimited wealth?

"Will the Milkens and the Boeskys and the Soroses of the future be any more considerate than the present models?"

Dr Mahathir said he believes that in the next century people development and people empowerment will be the most important role of governments in most societies.

For mankind in the 21st century, the crucial challenges will be to build a more peaceful and more just global commonwealth; ensure global prosperity; and ensure cultural tolerance in a multi-cultural world.

The two-day Global Panel is jointly organised by the Institute of Strategic and International Studies Malaysia, Asian Strategy and Leadership Institute and European Research Centre.

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